

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 INT-05 SWF-01 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-01 INR-05 NSAE-00 RSC-01 CIEP-01

SP-02 STR-01 TRSE-00 LAB-01 SIL-01 SAM-01 OMB-01 SS-15

NSC-05 GSA-01 /068 W

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R 201725Z NOV 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7842

INFO ALL EC CAPITALS 63

AMCONSUL MILAN

LIMITED OFFICIAL USE EC BRUSSELS 9082

E.O. 11652: N/A

TAGS: EIND, ETRD, EEC

SUBJECT: EC FERROUS SCRAP REQUIREMENTS FOR THE FIRST SIX  
MONTHS OF 1975

REF: A) EC BRUSSELS 8949

B) MILAN 1650

C) STATE 241649

D) EC BRUSSELS 3255

1. SUMMARY: IN RESPONSE TO REFTEL C, THE EC COMMISSION  
STEEL OFFICE HAS INFORMED US THAT THEY ARE FORECASTING A  
SLIGHTLY HIGHER LEVEL OF STEEL PRODUCTION IN THE EC DURING  
THE FIRST HALF OF 1975 THAN IN THE FOURTH QUARTER OF 1974  
AND THAT REQUIREMENTS FOR US FERROUS SCRAP WILL BE  
200,000 SHORT TONS PER QUARTER. END SUMMARY.

2. ALLESANDRO BARISICH, THE EC COMMISSION OFFICIAL RE-  
SPONSIBLE FOR STEEL SCRAP IN THE STEEL DIRECTORATE, ON  
NOVEMBER 19 PROVIDED US WITH FORECASTS ON EC STEEL PRO-  
DUCTION AND FERROUS CRAP REQUIREMENTS AS REQUESTED  
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IN REFTEL C.

3. STEEL PRODUCTION: BASING HIS FORECAST ON THE EC FORWARD PROGRAM FOR STEEL, WHICH WILL BE RELEASED TOWARD THE END OF THE YEAR, BARISICH ESTIMATES THAT EC STEEL PRODUCTION WILL BE 44.7 MILLION SHORT TONS (MST) IN THE FIRST QUARTER OF 1975 AND 44.2 MST IN THE SECOND QUARTER. HE NOTED THAT ALTHOUGH HEAVY DEMAND FOR STEEL FOR HEAVY ENGINEERING MATERIAL AND PUBLIC WORKS WILL KEEP PRODUCTION AT HIGH LEVELS THERE WILL BE A SOFTENING WITHIN THE INDUSTRY AS THE EXPECTED INCREASE IN PRODUCTION OVER 1974 WILL NOT MATCH THE NEW CAPACITY (11.2 MMILLION METRIC TONS) THAT CAME ON-STREAM IN 1974.

4. EC FERROUS SCRAP IMPORT REQUIREMENTS: DURING THE FIRST HALF OF 1975 THE EC WILL REQUIRE IMPORTS OF 980,000 SHORT TONS OF FERROUS SCRAP OF WHICH 400,000 SHORT TONS WOULD COME FROM THE US. THESE TOTALS COULD BE DIVIDED EQUALLY BETWEEN EACH QUARTER. DURING THE FIRST HALF ITALY WOULD RECEIVE 290-300 THOUSAND SHORT TONS FROM THE US, THE UK 90-100 THOUSAND SHORT TONS, AND FRANCE 10-15 THOUSAND SHORT TONS.

5. WE DREW BARISICH'S ATTENTION TO THE MUCH HIGHER SCRAP IMPORT REQUIREMENTS HE HAD FORECAST FOR THE SECOND HALF OF 1974 (SEE REFTEL D, PARA 3) WHEN LOWER EC STEEL PRODUCTION WAS PREDICTED. WE ALSO NOTED THE ESTIMATED ITALIAN NEEDS REPORTED IN REFTEL B. BARISICH SAID THAT NOW ALL MEMBER STATES IMPORTING STEEL SCRAP FROM THE US ARE IN AGREEMENT WITH THE ESTIMATES GIVEN IN PARA 3 OF THIS MESSAGE. HE CLAIMED LOWER OVERALL IMPORT REQUIREMENTS WERE DUE TO INCREASED SCRAP COLLECTION WITHIN THE EC, AND A PROPORTIONALLY GREATER UTILIZATION FOR INTEGRATED STEEL PLANTS THAN FOR ELECTRIC FURNACE OPERATIONS BECAUSE OF THE TILT OF STEEL DEMAND TOWARD HEAVY PRODUCTS. BARISICH ALSO REMARKED ON LIMITATIONS OF THE PORT FACILITIES AT GENOA.

6. ESTIMATED EC SCRAP INVENTORY: AS OF THE END OF LIMITED OFFICIAL USE

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AUGUST EC FERROUS SCRAP STOCK TOTALLED 5.2 MILLION SHORT TONS. THIS AMOUNTED TO 22 WORKING DAYS IF SCRAP GENERATED WITHIN THE STEEL INDUSTRY IS NOT TAKEN INTO ACCOUNT AND 38 DAYS SUPPLY WHEN REQUIREMENTS ARE CONSIDERED IN TERMS OF PURCHASES OUTSIDE THE INDUSTRY. BARISICH NOTED THAT STOCK FIGURES GIVEN FOR THE SECOND HALF OF 1974 (SEE REFTEL D, PARA 9) USED THE FORMER DEFINITION; I.E., EXCLUDING SCRAP GENERATED

BY THE INDUSTRY ITSELF.

7. THE EC COMMISSION STEEL OFFICE WHICH COORDINATES  
THE EC IMPORT PROGRAM, HAS BEEN VERY CANDID WITH US  
SINCE THE IMPOSITION OF US EXPORT CONTROLS AND WE  
BELIEVE THAT THE INFORMATION FURNISHED TO US DOES  
REPRESENT THEIR BEST ESTIMATES.MYERSON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, POLICIES, INDUSTRY, PRICES, IMPORT QUOTAS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974ECBRU09082  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740336-0358  
**From:** EC BRUSSELS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741128/aaaaaxph.tel  
**Line Count:** 122  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** A) EC BRUSSELS 8949  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 APR 2002 by izenbei0>; APPROVED <13-Aug-2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EC FERROUS SCRAP REQUIREMENTS FOR THE FIRST SIX MONTHS OF 1975  
**TAGS:** EIND, ETRD, US, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005